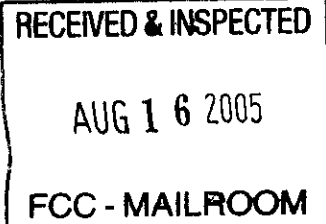


TCAST
Communications, Inc.

Mark Jordan
President



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DOCKET FILE COPY ORIGINAL

August 2, 2005

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: Implementation of the Pay Telephone Reclassification and Compensation
Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128**

Dear Ms. Dortch:

Attached please find the Independent Auditors Report by GSAssociates which TCAST Communications, Inc. is required to submit to the FCC per the requirements of 47 C.F.R. Section 64.1310, as discussed in the FCC Report and Order released on October 3, 2003 in the above docket.

Should you have any questions, please feel free to contact us via any of the media listed on this letterhead.

Thank you.

Sincerely,

Mark Jordan
President & CEO

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TCAST
Communications, Inc.

Independent Auditor's System Report
For Payphone Compensation

GSAssociates

An EHC Company

Business Partners & Certified Public Accountants

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TCAST

Communications, Inc.

Independent Auditor's System Report
For Payphone Compensation
As required by FCC Order 03-235
Docket No. 96-128

1200 Old Alpharetta Road
Alpharetta, GA 30005

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Independent Auditor's Report
System Audit Report

Board of Directors
TCAST

We have examined TCAST Communications, Inc.'s call tracking systems for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period July 1, 2004 through December 31, 2004. Management is responsible for TCAST's compliance with those requirements. Our responsibility is to express an opinion on TCAST's compliance base on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives namely that the TCAST call tracking system accurately tracks payphone calls to completion and that TCAST satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about TCAST's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on TCAST's compliance with specified requirements.

In our opinion, TCAST complied, in all material respects, with the aforementioned requirements for the period mentioned through December 31, 2004. TCAST has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that TCAST's call tracking system accurately tracks payphone calls to completion.

The description of policies & procedures concerning Payphone Compensation at TCAST as of December 31, 2004, as well as information concerning tests of the operating effectiveness and payments made includes the period of July 1, 2004 to December 31, 2004. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at TCAST is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of TCAST, and is not intended to be and should not be used by anyone other than the specified party.

Edwin Korte, CPA

GSAassociates
August 1, 2005

Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004, requiring Interexchange Carriers (IXC's) and Switch Based Resellers (SBR's) to establish and maintain a comprehensive Call Tracking System (CTS) which accurately reports and compensates Payphone Service Providers (PSP's).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor's report shall conclude whether the SBR complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the SBR's procedures accurately reflect the Commission's rules, including the attestation reporting requirements.
- 2) Whether the SBR has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the SBR has effective data monitoring procedures.
- 4) Whether the SBR adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the SBR has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the SBR has procedures to incorporate call data into required reports.
- 7) Whether the SBR has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the SBR's have adequate and effective business rules for implementing and paying payphone compensation.

Audit Process & Procedures

Our audit reports on all nine (9) points listed in the order. The guidelines used to conduct and prepare the report are established in the AICPA's Statements on Standards for Attestation Engagements (SSAE), specifically, SSAE 10, AT Section 101 *Attest Engagements* and AT Section 601 *Compliance Attestation*.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
 - a) *Objectivity* – free of bias
 - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.
 - c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
 - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an Independence mental attitude in all matters relating to the engagement.
- 5) Exercise Due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

Payphone Compensation Policies & Procedures

TCAST has established and documented policies & procedures specifically in compliance with the Payphone Compensation FCC order. These include, but are not limited to:

1. Backup Policy
2. Core Security / Critical Data Requirements Policy
3. Defect Tracking Process
4. Software Quality Testing Process
5. Change Control Policy
6. Host / Server Security Policy
7. Password Policy
8. Log Tracking & Archive Process
9. Physical Security Policy
10. Information Access Control Policy
11. Monitoring Policy
12. Firewall Policy

Responsible Dedicated Staff

TCAST has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. Mark Jordan, President & CEO is responsible for drafting necessary business requirements.
2. The Compensation Administrator, Melissa Farrell, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. The Compensation Administrator, Melissa Farrell, is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The Compensation Administrator, Melissa Farrell, is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The Compensation Administrator, Melissa Farrell, is responsible for developing compensation tracking reports.
6. The Compensation Administrator, Melissa Farrell, is responsible for dispute resolutions.

Data Monitoring Procedures

TCAST has developed a systematic reporting process to generate monthly and quarterly reports on payphone call counts, PSP identities, numbers called, and info digits used. These reports reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.
- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

Compensation Assurance Protocols

TCAST has established procedures which guarantee that TCAST will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in aforementioned procedure section and do not adversely affect its call tracking capabilities.

Compensable Call File and Reporting

TCAST has contracted with EquinoxIS to handle all usage aspects of the payphone compensation process. Equinox pulls all data directly from TCAST's CDR and prepares online reports for TCAST to utilize in the compensation process. GSAssociates determined that this file contained all the necessary data to perform the ANI match and to prepare detailed reports for compensation to each separate PSP or Aggregator.

Dispute Resolution Procedures

TCAST had assigned their Compensation Administrator, Melissa Farrell, as the individual responsible for processing payments to PSP's and aggregators and for managing the in house payphone compensation system. The Compensation Administrator is most capable of handling disputes arising from the compensation method.

Independent Payphone Call Tracking System Matching Test

Payphone Call Tracking System Test

GSAssociates has determined a cross reference of independent call data generated by GSAssociates through TCAST' prepaid calling card platform to be the most accurate approach to validating data on completed calls. Switch call data reports on all attempts and completions. It is a programmatic effort to separate the completed calls. This programmatic approach was used to verify TCAST' accuracy.

Observations

1. All necessary information, related to call origination, required to record payphone calls appears. TCAST defines procedures for identifying the accurate Payphone Operator code from the ANI data transmission and, further, identify their coding procedures for segmenting completed calls with payphone codes.
2. Time and date stamp were present and were used to facilitate the independent audit by GSAssociates.

Independent Test Methodology

This firm has determined that it is necessary to independently track calls from payphone users with a controlled audience and controlled traffic. We have therefore established the following provisions for valid testing of the call tracking systems for the SBR:

1. Isolate calls related to our test with an unpublished number within our switch.
2. Develop a call tracking system log within our PBX.
3. Set a call time period for our Call-In Team.
4. Establish a documentation method for the Call-In Team to verify their attempted and completed calls.
5. Verify all data points related to the Call-In Team documentation with our log and that of the SBR client.

This firm has established a Direct Inward Dial (DID) number designated for testing. Each DID was assigned to a particular audit and assigned for a period of time.

All calls made during this period coincided with this test and were validated by the Call-In Team documentation.

Cross Reference Verification

GSAssociates completed the independent test of the TCAST CDR log and confirmed that 100% of test calls completed appeared in the extract. This indicates that TCAST has developed the necessary programmatic approach to acquiring call data to completion.

Audit Conclusions

FCC Relevant Rules Accurately Stated

TCAST has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Late payments per IRS overpayment rate.
- Data Storage Requirements.

Established Security Protocols

TCAST has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel.

Monitoring tracking systems have been installed to limit access to the company's call tracking system.

Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.

Audit Findings

TCAST, a California corporation operating out of Valencia, California since 1995, is a reseller utilizing a preponderance of the major carriers. As a reseller the Company generates 75% of its long distance revenues from wholesale channels and 25% from retail channels. The Company has in excess of 17,000 inbound TFN's (Toll Free Numbers), with a per month call volume exceeding 35 million.

GSAssosicates audited and validated payments made for Q3 and Q4 of 2004. The Company is in compliance for the period audited and compensation has been appropriately made to the PSP's or aggregators for the period.